

**HOUSING AUTHORITY OF
THE PARISH OF LAFOURCHE**
Raceland, Louisiana

**Basic Financial Statements and
Independent Auditor's Reports
As of and for the Year Ended September 30, 2005
With Supplemental Information Schedules**

**WILLIAM DANIEL McCASKILL, CPA
A PROFESSIONAL ACCOUNTING CORPORATION**

**415 Magnolia Lane
Mandeville, Louisiana 70471**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 5-10-06

HOUSING AUTHORITY OF THE PARISH OF LAFOURCHE
Raceland, Louisiana
Basic Financial Statements
As of and for the Fiscal Year Ended September 30, 2005
With Supplemental Information Schedules

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the Parish of Lafourche
Raceland, Louisiana

I have audited the accompanying basic financial statements of the Housing Authority of the Parish of Lafourche (the authority) as of and for the year ended September 30, 2005, which collectively comprise the authority's basic financial statements, as listed in the table of contents. These basic financial statements are the responsibility of the authority's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the basic financial statements referred to above present fairly in all material respects, the financial position of the Housing Authority of the Parish of Lafourche as of September 30, 2005, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 10, 2005 on my consideration of the authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The management's discussion and analysis listed in the table of contents, is not a required part of the basic financial statements but is supplemental information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

HOUSING AUTHORITY OF THE PARISH OF LAFOURCHE

Raceland, Louisiana
Independent Auditor's Report, 2005
Page Two

My audit was conducted for the purpose of forming opinions on the financial statements which collectively comprise the authority's basic financial statements. The financial data schedule and other supplementary information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the authority. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Danny McCaskill

William Daniel McCaskill, CPA
A Professional Accounting Corporation

November 10, 2005

**HOUSING AUTHORITY OF
THE PARISH OF LAFOURCHE**

Raceland, Louisiana

REQUIRED SUPPLEMENTAL INFORMATION

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

SEPTEMBER 30, 2005

**Housing Authority of the Parish of Lafourche
Management's Discussion and Analysis (MD&A)
September 30, 2005**

The management of Public Housing Authority of Lafourche Parish, Louisiana presents the following discussion and analysis (MD&A) of the Housing Authority's financial activities for the fiscal year ending September 30, 2005. This represents an overview of financial information. Please read this discussion and analysis in conjunction with the Authority's included audited financial statements.

FINANCIAL HIGHLIGHTS

- ☐ The primary source of funding for these activities continues to be subsidies and grants from the Department of Housing and Urban Development (HUD), whereas tenant rentals provide a secondary but also significant source of funding.
- ☐ The Housing Authority's assets exceeded its liabilities by \$12,053,669 at the close of the fiscal year ended 2005.
 - ☐ Of this amount \$2,477,288 represents a restriction equal to the net amount invested in land, building, furnishings, leasehold improvements, equipment, and construction in progress.
 - ☐ Also of this amount, \$357,179 of net assets are restricted for debt service of bonds and mortgages payable.
 - ☐ The remainder of \$9,219,202 of unrestricted assets could be used to meet the Housing Authority's ongoing obligations to citizens and creditors. As a measure of financial strength, this amount equals 336% of the total operating expenses of \$2,741,933 for the fiscal year 2005, which means the Authority might be able to operate about 40 months using the unrestricted assets alone.
- ☐ The Housing Authority's total net assets decreased by \$786,476, a 6% change from the prior fiscal year 2004. This decrease is attributable primarily to a substantial decrease of over \$578,000 in Federal grants. In addition, the prior fiscal year's increase in net assets was marked by a significant increase in the valuation of the bonds payable, but had no similar impact on the current fiscal year, described in more detail below.
- ☐ The decrease in net assets of these funds was accompanied by an increase in unrestricted cash by \$89,828.
- ☐ The Authority spent only \$7,588 on capital asset additions.
- ☐ These changes led to a decrease in total assets by \$723,044 and an increase in total liabilities by \$63,432. However, as another measure of financial health, there are still over \$6 of current assets covering each dollar of total current liabilities, including the current portions of long-term debt.
- ☐ The Housing Authority owes \$12,601,963 in long term mortgages and notes payable which were used in the past, and will be used in the future, to finance buildings and equipment.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the Housing Authority's basic financial statements. The Housing Authority is a special-purpose government engaged in business-type activities. Accordingly, only fund financial statements are presented as the basic financial statements, comprised of two components: (1) fund financial statements and (2) a series of notes to the financial statements. These provide information about the activities of the Housing Authority as a whole and present a longer-term view of the Housing Authority's finances. This report also contains other supplemental information in addition to the basic financial statements themselves demonstrating how projects funded by HUD have been completed, and whether there are inadequacies in the Authority's internal controls.

**Housing Authority of the Parish of Lafourche
Management's Discussion and Analysis (MD&A)
September 30, 2005**

Reporting on the Housing Authority as a Whole

One of the most important questions asked about the Authority's finances is, "Is the Housing Authority as a whole better off, or worse off, as a result of the achievements of fiscal year 2005?" The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets report information about the Housing Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Fund Financial Statements

The Housing Authority accounts for all financial activity in a single enterprise fund. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Housing Authority, like other enterprises operated by state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Housing Authority's financial statements report its net assets and changes in them. One can think of the Housing Authority's net assets – the difference between assets and liabilities – as one way to measure the Authority's financial health, or financial position. Over time, increases and decreases in the Authority's net assets are one indicator of whether its financial health is improving or deteriorating. One will need to consider other non-financial factors, however, such as the changes in the Authority's occupancy levels or its legal obligations to HUD, to assess the overall health of the Housing Authority.

USING THIS ANNUAL REPORT

The Housing Authority's annual report consists of financial statements that show combined information about the Housing Authority's most significant programs:

- Low Rent Public Housing
- Housing Choice Vouchers
- City Place II
- Public Housing Capital Fund Program
- Community Development Program

The Housing Authority's auditors provided assurance in their independent auditors' report with which this MD&A is included, that the basic financial statements are fairly stated. The auditors provide varying degrees of assurance regarding the other information included in this report. A user of this report should read the independent auditors' report carefully to determine the level of assurance provided for each of the other parts of this report.

FINANCIAL ANALYSIS

The Housing Authority's net assets were \$12,053,669 as of September 30, 2005. Of this amount, \$2,477,288 was invested in capital assets, \$357,179 in investments, and the remaining \$9,219,202 was unrestricted. There was \$4,487,652 in specific assets restricted for purchasing buildings, and debt service of bonds and mortgages payable.

**Housing Authority of the Parish of Lafourche
Management's Discussion and Analysis (MD&A)
September 30, 2005**

CONDENSED FINANCIAL STATEMENTS

**Condensed Balance Sheet
(Excluding Interfund Transfers)
As of September 30, 2005**

	<u>2005</u>	<u>2004</u>
ASSETS		
Current Assets	\$1,186,675	\$1,322,689
Restricted Assets for Purchasing Buildings	4,487,652	4,497,670
Capital Assets, Net of Depreciation	10,922,712	11,577,301
Non-Current Loans, Interest Receivable, and Capitalized Cost of Bonds Payable	<u>8,441,375</u>	<u>8,363,798</u>
Total Assets	<u>25,038,414</u>	<u>25,761,458</u>
LIABILITIES		
Current Liabilities, Including Current Portion of Bonds and Mortgages	212,884	255,264
Non-Current Bonds, Loans, Mortgages Payable, and Other Liabilities	<u>12,771,861</u>	<u>12,666,049</u>
Total Liabilities	<u>12,984,745</u>	<u>12,921,313</u>
NET ASSETS		
Invested in Capital Assets, Less Loans and Mortgages Payable	2,477,288	3,149,528
Invested in Investments, Less Bonds Payable, to Purchase Buildings	357,179	374,248
Unrestricted Net Assets	<u>9,219,202</u>	<u>9,316,369</u>
Total Net Assets	<u>12,053,669</u>	<u>12,840,145</u>
Total Liabilities and Net Assets	<u>25,038,414</u>	<u>25,761,458</u>

**Housing Authority of the Parish of Lafourche
Management's Discussion and Analysis (MD&A)
September 30, 2005**

CONDENSED FINANCIAL STATEMENTS (Continued)

The net assets decreased by \$786,476, or by 6%, from those of fiscal year 2004, as explained below. In the narrative that follows, the detail factors causing this change are discussed:

Condensed Statement of Revenues, Expenses, and Changes in Fund Net Assets (Excluding Interfund Transfers) Fiscal Year Ended September 30, 2005		
	<u>2005</u>	<u>2004</u>
OPERATING REVENUES		
Federal Grants – Operating	\$1,130,036	\$1,191,227
Rental Revenue	1,180,829	1,196,372
Other Tenant Revenue	10,125	84,773
Total Operating Revenues	<u>2,320,990</u>	<u>2,472,372</u>
OPERATING EXPENSES		
Depreciation	671,863	669,890
Housing Assistance Payments to Landlords	573,045	607,391
General & Administrative	785,194	709,431
Ordinary maintenance and repairs	510,403	543,654
Utilities	201,428	196,404
Total Operating Expenses	<u>2,741,933</u>	<u>2,726,770</u>
(Losses) from Operations	<u>(420,943)</u>	<u>(254,398)</u>
NON-OPERATING REVENUES		
Federal Grants – Capital	2,150	519,296
Interest Income & Unrealized Gain (Loss) on Bonds	266,348	953,147
Total Non-Operating Revenues	<u>268,498</u>	<u>1,472,443</u>
NON-OPERATING EXPENSES		
Interest Expense on Bonds, Notes & Mortgages	581,167	588,391
Casualty Losses & Extraordinary Repairs	39,232	68,985
Total Non-Operating Expenses	<u>620,399</u>	<u>657,376</u>
NET INCREASE (DECREASE) IN NET ASSETS	<u>(772,844)</u>	<u>560,669</u>
NET ASSETS, Beginning of Year	<u>12,826,513</u>	<u>12,279,476</u>
NET ASSETS, End of Year	<u>12,053,669</u>	<u>12,840,145</u>

**Housing Authority of the Parish of Lafourche
Management's Discussion and Analysis (MD&A)
September 30, 2005**

EXPLANATIONS OF FINANCIAL ANALYSIS

Compared with the prior fiscal year, total operating and non-operating revenues decreased \$1,355,327, or by 34%, from a combination of larger offsetting factors. Reasons for most of this change are listed below in order of impact from greatest to least:

- Total other non-operating revenue decreased by \$686,799, or by 72% from that of the prior fiscal year. Restricted investment and interest income decreased by \$718,594, or by 89%, because the Authority recorded a very significant increase in market value of bonds receivable recognized in the prior fiscal year, whereas none was recognized in the current year. Also, other revenue increased by \$21,355, or by 36%, primarily because the Authority received proceeds from casualty insurance claims, which are recorded as other income by the Authority in the year received.
- Federal Capital Funds from HUD decreased by \$517,146, or by 99.6% from that of the prior fiscal year. The Housing Authority was still in the process of completing projects funded from grants by HUD for fiscal years 2002 through 2004.
- Total tenant revenue decreased by \$90,191, or by 7% from that of the prior fiscal year, due to two major factors: Tenant rental revenues decreased by \$15,543, or by 1%, because occupancy rates decreased by 3%. Also, the amount of rent each tenant pays is based on a sliding scale of their personal income. Some tenants' personal incomes decreased, so rent revenue from these tenants decreased accordingly, lowering the overall total. Finally, other tenant revenues (such as fees collected from tenants for late payment of rent, damages to their units, and other assessments) decreased by \$74,648. Since there was a decrease in tenant revenues, the amount of these fees changed accordingly.
- Federal revenues from HUD for operations decreased by \$61,193, or by 5% from that of the prior fiscal year. The determination of operating grants is based in part upon prior years' operations performance. This amount fluctuates from year-to-year because of the complexities of HUD's funding formula. Generally, this formula calculates an allowable expense level adjusted for inflation, occupancy, and other factors, and then uses this final result as a basis for determining the grant amount. The amount of rent subsidy received from HUD depends upon an eligibility scale of each tenant. There was a decrease in the number of eligible tenants receiving subsidies, so Housing Assistance Grants decreased accordingly, lowering the overall total.

Compared with the prior fiscal year, total operating and non-operating expenses only increased \$44,916, or by 2%, but this also was made up of a combination of much larger offsetting factors. Again, reasons for most of this change are listed below in order of impact from greatest to least:

- General and Administrative Expenses increased by \$75,763, or by 11% from that of the prior fiscal year, due to a combination of factors: Staff vacation and sick leave pay increased by \$69,890 and administrative staff salaries increased by \$5,343, but related employee benefit contributions decreased by \$11,983; therefore, total staff salaries and benefit costs increased by 24%. In addition, audit fees increased by \$10,626 and accounting fees increased by \$2,161; thus, total outside professional fees increased by 20%. On the other hand, staff travel reimbursements decreased by \$3,927 and sundry expenses decreased by \$20,094; therefore, other staff administrative expense decreased by 17%. Insurance premiums increased by \$16,539, or by 9%, since property and casualty insurance premiums increased, and other general expenses increased by \$11,125. Also, payments in lieu of taxes (PILOT) increased by \$30,770. PILOT is calculated as a percentage of rent (which decreased by 1%) minus utilities (which increased 3%), and therefore changed proportionately to the changes in each of these. On the other hand, interest expense decreased by \$7,225, or by 1%, because long term debts decreased by \$45,800, and uncollectible rents from vacated units decreased by \$3,553, or by 18%, because these also changed roughly proportional to decreases in rent.

**Housing Authority of the Parish of Lafourche
Management's Discussion and Analysis (MD&A)
September 30, 2005**

- Maintenance and repairs decreased by \$33,251, or by 81% from that of the prior fiscal year, due to several factors: Repair staff wages decreased by \$13,213, or by 7%, related employee benefit contributions decreased by \$12,044, or by 15%, and materials used decreased by \$7,731, or by 7%. In addition, Extraordinary maintenance decreased by \$12,540, or by 75% from that of the prior fiscal year.
- Housing Assistance Payments to landlords decreased by \$34,346, or by 6% from that of the prior fiscal year, because there was a decrease in the number of tenants qualifying for subsidy during the year. Consequently, revenues from HUD for these subsidies decreased by \$36,991.
- Casualty losses decreased by \$16,927, or by 33% from that of the prior fiscal year.
- Utilities Expense increased by \$5,023, or by 3% from that of the prior fiscal year. Gas consumption increased by \$6,342 due to an increase in rate by 10%; whereas, water consumption decreased by \$1,155, due to a decrease in consumption by 3% coupled with an increase in rate by 1%.
- Depreciation expense increased by \$1,974 from that of the prior fiscal year, because there was an increase in capital assets by only \$37,205.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2005, the Housing Authority had a total cost of \$21,799,879 invested in a broad range of assets and construction in progress from projects funded in 2002 through 2004, listed below. This amount, not including depreciation, represents increases of \$37,205 from the prior year. More detailed information about capital assets appears in the notes to the financial statements.

**Capital Assets, Net of Accumulated Depreciation
As of September 30,**

	<u>2005</u>	<u>2004</u>
Land	\$ 694,394	\$ 694,394
Construction in Progress	261,691	261,691
Buildings	9,872,295	10,471,789
Furniture and Equipment	<u>94,333</u>	<u>149,427</u>
Total	<u><u>10,922,713</u></u>	<u><u>11,577,301</u></u>

Debt

In order to finance capital assets, the Authority has incurred bonds, loans, mortgages, and other long-term payables.

The Authority's City Place II Fund incurred a first mortgage payable to purchase land and tenant dwellings. The original mortgage was \$3,964,461, with payments of \$25,070 monthly at 7.1% interest. At the end of the current fiscal year, City Place II owed \$3,864,350 plus accrued interest of \$22,864 on the mortgage. City Place II owes future principal payments of \$27,351, \$29,357, \$31,511, \$33,822, and \$36,304 for each of the next 5 years, respectively, with \$3,706,005 due in continuing monthly installments thereafter.

**Housing Authority of the Parish of Lafourche
Management's Discussion and Analysis (MD&A)
September 30, 2005**

Also, the Authority's City Place II Fund received a second mortgage loan from the Authority's Community Development Corporation to finance the purchase of tenant dwellings. The original loan was \$4,313,389 at 1% interest, with principal and interest due after the maturation of the first mortgage. At the end of the current fiscal year, the City Place II Fund owed \$4,313,389 plus accrued interest of \$267,686 on the loan, and had made no payments to Community Development Corporation.

The Low Rent Fund of the Authority issued 6.7% serial bonds payable. The original \$3,960,000 in bonds were issued at a premium for \$4,350,773 proceeds minus capitalized issue costs of \$182,879. The proceeds are currently held in the Low Rent Fund restricted investments worth \$4,259,405, to be used for the future purchase of tenant dwellings. At the end of the current fiscal year, the Authority owed \$3,865,000 on the bonds. The Authority will retire \$30,000, \$30,000, \$30,000, \$30,000, \$40,000 of bonds for each of the next 5 years, respectively, with \$3,705,000 due thereafter in similar continuing retirements. The premium and capitalized issue costs are written off over the life of the bonds to interest expense.

Finally, long-term debt also includes accrued annual vacation and sick leave due to employees beyond the current year.

Loans Receivable

The Authority's Community Development Corporation (CDC) made a 1% demand loan to the Authority's City Place II Fund as noted above. At the end of the current fiscal year, the Community Development Corporation was owed \$4,313,389 plus accrued interest of \$278,470 on the loan, and had received no payments. The amount of accrued interest receivable differs from the accrued interest payable noted above due the different fiscal year end of CDC.

The Authority's Community Development Corporation made a similar 1% demand loan to City Place I, a private corporation. At the end of the current fiscal year, the Community Development Corporation was owed \$3,444,156 plus accrued interest of \$222,480 on the loan, and had likewise received no payments.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by Federal budget than by local economic conditions. The capital budgets for the 2006 fiscal year have already been submitted to HUD for approval and no major changes are expected.

The Capital fund programs are multiple year budgets and have remained relatively stable. Capital Funds are used for the modernization of public housing properties including administrative fees involved in the modernization.

CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, investors, and creditors with a general overview of the Housing Authority's finances, and to show the Housing Authority's accountability for the money it receives. If you have questions about this report, or wish to request additional financial information, contact Beryl Pitre, at Public Housing Authority of Lafourche Parish, Louisiana; P. O. Box 499; Lafourche Parish, LA 70394.

HOUSING AUTHORITY OF THE PARISH OF LAFOURCHE
Raceland, Louisiana
Statement of Net Assets
As of September 30, 2005

ASSETS**Current Assets**

Cash and Cash Equivalents	\$ 1,049,854
Investments	55,191
Receivables:	
HUD	6,088
Tenant Rents, Net of Allowance	10,012
Prepaid Insurance	61,357
Inventory, Net of Allowance	4,173
Total Current Assets	<u>1,186,675</u>

Restricted Assets

Cash and Cash Equivalents	219,905
Investments	4,267,747
Total Restricted Investments	<u>4,487,652</u>

Noncurrent assets**Capital Assets:****Nondepreciable Capital Assets:**

Land	694,394
Construction in Progress	261,691
Total Nondepreciable Capital Assets	<u>956,085</u>

Depreciable Capital Assets:

Buildings and Improvements	20,359,770
Furniture and Equipment	484,024
Less Accumulated Depreciation	(10,877,167)
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>9,966,627</u>

Total Capital Assets, Net of Accumulated Depreciation	<u>10,922,712</u>
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Other Assets	182,880
Notes and Mortgages Receivable - Noncurrent	8,258,495

Total Assets	<u>25,038,414</u>
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LIABILITIES**Current Liabilities**

Accounts Payable	30,499
Payable to Other Governments	30,770
Accrued Wages Payable	806
Accrued Compensated Absences	14,700
Accrued Interest Payable	72,497
HUD Liability	1,849
Deferred Revenue	6,770
Other Liability	847
Notes Payable	54,146
Total Current Liabilities	<u>212,884</u>

Liabilities Payable from Restricted Assets

Security Deposit Liability	63,841
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Noncurrent Liabilities

Bonds Payable	4,180,684
Notes Payable	8,421,279
Accrued Compensated Absences	97,715
Other Liabilities	8,342

Total Noncurrent Liabilities	<u>12,708,020</u>
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Total Liabilities	<u>12,984,745</u>
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NET ASSETS

Invested in Capital Assets, Net of Related Debt	2,477,288
Restricted	357,179
Unrestricted	9,219,202
Total Net Assets	<u>\$ 12,053,669</u>

The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE PARISH OF LAFOURCHE
Raceland, Louisiana
Statement of Revenues, Expenses, and Changes In Net Assets
For Fiscal Year Ended September 30, 2005

Operating Revenues	
Annual contributions - Housing Assistance Payments	\$ 600,388
HUD Administrative Fee	102,207
Public Housing Operating Subsidy	370,980
Operating Grants	56,461
Dwelling Rental	1,180,829
Other Operating	10,125
Total Operating Revenues	<u>2,320,990</u>
Operating Expenses	
Housing Assistance Payments	573,045
General and Administrative	784,694
Repairs and Maintenance	510,403
Utilities	201,427
Miscellaneous Expenses	500
Depreciation and Amortization	671,864
Total Operating Expenses	<u>2,741,933</u>
Operating Income (Loss)	(420,943)
Nonoperating Revenues (Expenses):	
Capital Grants	2,150
Investment Income	183,476
Interest Expense	(581,167)
Extraordinary Maintenance	(4,210)
Casualty Losses	(35,022)
Miscellaneous Revenues	82,872
Total Nonoperating Revenues (Expenses)	<u>(351,901)</u>
Change in Net Assets	(772,844)
Net Assets, Beginning of Year, As Restated	<u>12,826,513</u>
Net Assets, End of Year	<u>\$ 12,053,669</u>

The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE PARISH OF LAFOURCHE
Statement of Cash Flows
For Fiscal Year Ended September 30, 2005

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from federal subsidies	\$ 1,130,036
Receipts from tenants	1,180,829
Receipts from other	10,125
Payments to landlords	(573,045)
Payments to suppliers	(891,312)
Payments to employees	(500,502)
Net cash provided by operating activities	<u>356,131</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Miscellaneous revenues	<u>82,872</u>
Net cash provided by noncapital financing activities	<u>82,872</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from capital grants	2,150
Acquisition of capital assets	(13,640)
Payments on long term debt and mortgages	(32,367)
Payment of interest on mortgages	(581,167)
Net cash (used in) capital and related financing activities	<u>(625,024)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Investment income	183,476
Proceeds from sale of investments	226,448
Purchase of investments	(134,075)
Net cash provided by investing activities	<u>275,849</u>

Net (decrease) in cash and cash equivalents	<u>89,828</u>
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Cash and cash equivalents - beginning of year	<u>960,026</u>
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Cash and cash equivalents - end of year	<u><u>\$ 1,049,854</u></u>
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Reconciliation of operating income (loss) to net cash provided by operating activities:

Operating (loss)	\$ (420,943)
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Adjustments to reconcile operating (loss) to net cash provided by operating activities:

Depreciation and amortization	671,864
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Changes in assets and liabilities:

(Increase) decrease in accounts and interest receivable	1,463
	10,248
(Increase) decrease in prepaid expenses and inventories	(2,298)
Increase (decrease) in accounts payable	3,729
Increase (decrease) in deferred revenue	3,333
Increase (decrease) in accrued salaries and benefits	74,690
Increase (decrease) in other liabilities	13,609
Increase (decrease) in security deposits	436

Net cash provided by operating activities	<u><u>\$ 356,131</u></u>
--	--------------------------

The accompanying notes are an integral part of the financial statements

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HOUSING AUTHORITY OF THE PARISH OF LAFOURCHE
Raceland, Louisiana
Notes to the Financial Statements
For Fiscal Year Ended September 30, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

(1) Reporting Entity

The Housing Authority of The Parish of Lafourche (the authority) was chartered as a public corporation under the laws of the State of Louisiana for the purpose of providing safe and sanitary dwelling accommodations for the residents of the Parish of Lafourche, Louisiana. This formation was contingent upon the approval of the parish.

The authority is governed by a Board of Commissioners (Board), which is composed of five members appointed by the Parish Council of Lafourche Parish, serve four year staggered terms. The Board of the authority exercises all powers granted to the authority.

GASB Statement No. 14 established criteria for determining the governmental reporting entity. Under provisions of this statement, the authority is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally of other state and local governments. As used in GASB 14, fiscally independent means that the authority may, without the approval or consent of another governmental entity, determine or modify its own budget, control collection and disbursements of funds, maintain responsibility for funding deficits and operating deficiencies, and issue bonded debt.

GASB Statements No. 14 and No. 39 establish criteria for determining which, if any, component units should be considered part of the authority for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability, which includes:

1. Appointing a majority of an organization's governing body, and:
 - a. The ability of the government to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the government.
2. Organizations for which the government does not appoint a voting majority but are fiscally dependant on the government.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the authority has determined that as of September 30, 2005, the Authority had the following component units should be considered as part of the Authority reporting entity as defined:

Community Development Corporation of Lafourche, Inc. (CDC) (Other Federal Program 1)

The authority formed this nonprofit entity in 1997 to create another avenue to provide low-income housing. The entity's fiscal year end is December 31. CDC was determined to be a component

HOUSING AUTHORITY OF THE PARISH OF LAFOURCHE
Raceland, Louisiana
Notes to the Financial Statements, 2005 – continued

unit of the authority because financial statements would be misleading if data of the organization were not included due to the nature or significance of the relationship. The financial statements of CDC may be obtained by calling or writing the authority at 800-527-2793 or P.O. Box 499, Raceland, Louisiana 70394. The entity previously received \$7,757,545 of upfront grants from HUD for the purpose of replacing 200 subsidized rental units. CDC performed this task by passing along the grant funds to two affordable apartment developments in the form of non-forgivable second mortgages which require all repayments of the second mortgages to be reinvested by CDC in the production of new affordable housing. The entity is included through blended presentation.

City Place II Housing Development, Inc. (CP II) (Other Federal Program 2)

The authority created this nonprofit entity in 2001 for the purpose of owning and operating a 112-unit residential project located in Lockport, Louisiana. The entity's fiscal year end is September 30. CP II was determined to be a component unit of the authority because the authority can impose its will on CP II and because the entity's board is the authority's board of commissioners. The financial statements of CP II may be obtained by calling or writing the authority at 800-527-2793 or P.O. Box 499, Raceland, Louisiana 70394. CP II owns and operates 112 units of affordable rental properties in Lafourche Parish. CP II assumed an FHA insured 221(d)(4) first mortgage and an upfront grant pass-through mortgage. The authority issued GNMA guaranteed bonds for the benefit of CP II in acquiring the apartment property. The entity is included through blended presentation.

The authority is a related organization of the Parish of Lafourche, Louisiana since the parish appoints a voting majority of the authority's governing board. The parish is not financially accountable for the authority as it cannot impose its will on the authority and there is no potential for the authority to provide financial benefit to, or impose financial burdens on, the parish. Accordingly, the authority is not a component unit of the financial reporting entity of the parish.

(2) Funds

The accounts of the authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

All funds of the authority are classified as proprietary. The general fund accounts for transactions of all of the authority's programs.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the authority's enterprise fund are HUD operating grants and subsidies, Section 8 Housing Assistance Subsidies, Section 8 Management Fees and tenant dwelling rents. Operating expenses include Section 8 Housing Assistance Payments, General and Administrative expenses, repairs and maintenance expenses, utilities and depreciation and amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The accompanying basic financial statements of the authority have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB statement No. 34, Basic Financial Statements and Management

HOUSING AUTHORITY OF THE PARISH OF LAFOURCHE
Raceland, Louisiana
Notes to the Financial Statements, 2005 – continued

discussion and Analysis—for State and Local Governments, which was unanimously approved in June 1999 by the GASB.

(3) Assets, liabilities, and net assets

(a) Deposits and Investments

The authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. HUD regulations, state law and the authority's investment policy allow the housing authority to invest in collateralized certificates of deposit and securities backed by the federal government.

Investments include deposits with original maturities exceeding 90 days. The investments are reflected at fair value except for the following which are required/permitted as per GASB 31:

1. Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.
2. The authority reported at amortized cost money market investments and participating interest-earning investment contract that have a remaining maturity at time of purchase of one year or less.

Definitions:

Interest-earning investment contracts include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

Money market investments are short-term, highly liquid debt instruments that include US Treasury obligations.

(b) Inventory and prepaid items

All inventories are valued on a first-in first-out (FIFO) basis. Inventories consist of expendable building materials and supplies held for consumption in the course of the authority's operations. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

(c) Restricted Assets

Cash equal to the amount of tenant security deposits and Section 8 FSS escrow accounts is reflected as restricted.

(d) Capital assets

Capital assets, of the authority are included in the statement of net assets and are recorded at actual cost. Depreciation of all exhaustible fixed assets is charged as an expense against operations

Property, plant, and equipment of the Authority are depreciated using the straight line method over the following estimated useful lives:

Buildings	33 Years
Nondwelling Structures	33 Years
Building Improvements	15 Years
Leasehold Improvements	15 Years
Equipment	3-7 Years

HOUSING AUTHORITY OF THE PARISH OF LAFOURCHE
Raceland, Louisiana
Notes to the Financial Statements, 2005 – continued

(e) Due from/to other governments or agencies

Amounts due from/to the authority to/by other governments or agencies are generally for HUD grants or programs under which the services have been provided by the authority. The authority also records an amount due to the various taxing districts within the region for payments in lieu of taxes.

(f) Allowance for doubtful accounts

The authority provides an allowance for doubtful accounts, as needed, for accounts deemed not collectible. At September 30, 2005, no allowance for doubtful accounts was established as it is deemed immaterial.

(g) Compensated absences

It is the authority's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences," vacation and sick pay is accrued when incurred and reported as a liability.

Employees may accumulate an unlimited number of annual and sick leave hours. Depending on their length of service, employees receive payment for up to 300 annual leave hours upon termination or retirement at their then current rate of pay. Employees are not compensated for unused sick leave.

(h) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the government-wide financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B - DEPOSITS AND INVESTMENTS

The authority has reported its investments with a maturity at time of purchase of 90 days or less at amortized cost. Investments with maturity at time of purchase of greater than 90 days are presented at fair value at fiscal year end. Fair value was determined by obtaining "quoted" year-end market prices.

As September 30, 2005 the Authority has a majority of its cash and investment assets in a GNMA pool. The GNMA pool has a fair market value of \$4,195,139 as of September 30, 2005. This represents 75% of the agencies deposits at fiscal year end.

Interest Rate Risk - The authority's policy does not address interest rate risk.

Credit Rate Risk - The authority's deposits are in bank checking and savings accounts, money market accounts and Federal securities which do not have credit ratings; however, the authority's policy does not address credit rate risk.

Custodial Credit Risk-Cash and Cash Equivalents - In the case of deposits, this is the risk that in the event of a bank failure, the authority's deposits may not be returned to it.

As of September 30, 2005, the authority had cash and cash equivalents (book balances) as follows:

Cash and Cash Equivalents - Unrestricted - \$1,049,854

HOUSING AUTHORITY OF THE PARISH OF LAFOURCHE
Raceland, Louisiana
Notes to the Financial Statements, 2005 – continued

- Of this amount, \$326,692 was FDIC insured.
- An amount of \$504,258 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the authority's name. Even though the pledge securities are considered uncollateralized under the provisions of GASB 3, LRS 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the authority that the fiscal agent has failed to pay deposited funds on request.
- An amount of \$218,479 was exposed to custodial credit risk because it was uninsured and not otherwise collateralized. These deposits belong to the authority's component unit, City Place II. This entity is not required by law or regulation to have deposits in excess of FDIC coverage collateralized.
- An amount of \$425 was held in cash.

Cash and Cash Equivalents - Restricted - \$219,905

- Of this amount, \$136,550 was FDIC / SIPC insured.
- An amount of \$27,290 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the authority's name. Even though the pledge securities are considered uncollateralized under the provisions of GASB 3, LRS 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the authority that the fiscal agent has failed to pay deposited funds on request.
- An amount of \$56,065 was exposed to custodial credit risk because it was uninsured and not otherwise collateralized. These deposits belong to the authority's component unit, City Place II. This entity is not required by law or regulation to have deposits in excess of FDIC coverage collateralized.

Custodial Credit Risk-Investments - For an investment, this is the risk that, in the event of the failure of the counter party, the authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As of September 30, 2005, the authority had investments (book balances) as follows:

Investments – Unrestricted - \$55,191

- This amount is invested with a financial institution and is in FHLMC securities which are held by the financial institution but not in the authority's name.

Investments – Restricted - \$4,267,747

- This amount is invested with a financial institution and is in GNMA and US Treasury Securities which are held by the financial institution but not in the authority's name.
- Of this amount, \$8,342 was exposed to custodial credit risk because it was uninsured and not otherwise collateralized. These deposits belong to the authority's component

HOUSING AUTHORITY OF THE PARISH OF LAFOURCHE
 Raceland, Louisiana
 Notes to the Financial Statements, 2005 – continued

unit, City Place II. This entity is not required by law or regulation to have deposits in excess of FDIC coverage collateralized

NOTE C - CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2005 was as follows:

	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
Nondepreciable Assets:					
Land	\$ 694,394	\$ -	\$ -	\$ -	\$ 694,394
Construction in Progress	261,692	-	-	-	261,692
Subtotal	956,086	-	-	-	956,086
Depreciable Assets:					
Buildings and improvements	20,353,395	450	-		20,353,845
Furniture & Equipment	483,859	13,189	7,100		489,948
Subtotal	20,837,254	13,639	7,100	-	20,843,793
Total Assets	21,793,340	13,639	7,100	-	21,799,879
Less Accumulated Depreciation:					
Buildings and improvements	9,881,606	615,115	-	(3,636)	10,493,085
Furniture & Equipment	334,432	56,750	7,100	-	384,082
Subtotal	10,216,038	671,865	7,100	(3,636)	10,877,167
Net Capital Assets	\$ 11,577,302	\$ (658,226)	\$ -	\$ 3,636	\$ 10,922,712

NOTE D - NOTES RECEIVABLE

Notes receivable represents a mortgage payable to CDC from CPII described further in Note G, Long-Term Debt.

NOTE E - CONSTRUCTION COMMITMENTS

The authority has active modernization construction projects as of September 30, 2005. At year end, the commitments with contractors are as follows:

Projects	Expended to Date	Remaining Commitment
CFP 2002	\$ 341,752	\$ 49,112
CFP 2003	19,664	315,309
CFP 2004	-	346,180
Total	\$ 361,416	\$ 710,601

NOTE F - LONG-TERM DEBT

The following paragraph relates to debt recorded in the low rent program:

Prior to this fiscal year, the authority issued tax-exempt bonds in the amount of \$3,960,000 plus a premium in the amount of \$390,773. The purpose of issuing the bonds was that the lender

HOUSING AUTHORITY OF THE PARISH OF LAFOURCHE
 Raceland, Louisiana
 Notes to the Financial Statements, 2005 – continued

required more liquidity in order for the component unit (CP II) to acquire apartments. The GNMA Multifamily Revenue bonds are a wrap of the FHA insured first mortgage of CP II apartments. The bonds were issued for a term of 27.45 years at a stated interest rate of 6.7%.

Note payable debt service requirements to maturity including \$6,166,786 of interest, are as follows:

Year ended September 30	Principal	Interest
2006	30,000	258,453
2007	30,000	256,443
2008	30,000	254,433
2009	30,000	252,422
2010	40,000	250,245
2011 – 2015	225,000	1,209,350
2016 – 2020	320,000	1,120,407
2021 – 2025	460,000	993,216
2026 – 2030	645,000	813,379
2031 – 2035	915,000	558,946
2036 – 2040	1,140,000	199,492
Total	<u>\$3,865,000</u>	<u>\$6,166,786</u>

The following paragraphs relate to the authority's component unit, City Place II Housing Corporation, Inc.:

The project is financed by a note with the Secretary of Housing and Urban Development under Section 221 (d)(4) of the Housing Act of 1959, as amended, which incurs interest at 7.1% per annum. The note is payable in monthly installments of principal and interest in the amount of \$25,070 through March 20, 2037. The note is secured by a first mortgage on the land, building and improvements.

The aggregate amounts of principal maturities of the mortgage payable outstanding at September 30, 2005 are as follows:

Year Ended September 30	Principal	Interest
2006	\$27,351	\$273,490
2007	29,357	271,484
2008	31,511	269,330
2009	33,822	267,019
2010	36,304	264,538

HOUSING AUTHORITY OF THE PARISH OF LAFOURCHE
 Raceland, Louisiana
 Notes to the Financial Statements, 2005 – continued

2011-2015	225,593	1,278,613
2016-2020	321,400	1,182,806
2021-2025	457,895	1,046,311
2026-2030	652,358	851,848
2031-2035	929,407	574,799
2036-2040	<u>1,119,352</u>	<u>184,292</u>
Total	<u>\$3,864,350</u>	<u>\$6,464,530</u>

A second mortgage was executed to secure a second note payable to Community Development Corporation of Lafourche in the amount of \$4,313,389 with interest at 1%. This note is due and payable on the maturity date of the first mortgage. Payments due under this note shall be payable on the maturity date of the first mortgage. Payments due under this note shall be payable only from surplus cash as defined in the Regulatory Agreement between HUD and City Place Lockport Limited Partnership, as assumed by City Place II Housing Corporation, Inc.

The balance of the second mortgage and accrued interest at year-end are as follows:

Mortgage Principal	\$4,313,389
Accrued Interest	267,686

At September 30, 2005, employees of the authority have accumulated and vested \$112,415 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements, with \$97,715 reported in long-term debt.

NOTE G - RETIREMENT PLAN

The authority participates in the Housing-Renewal and Local Agency Retirement Plan, administered by Broussard, Bush & Hurst, which is a defined contribution plan. The plan consists of employees of various local and regional housing authorities, urban renewal agencies, and other similar organizations. Through this plan, the authority provides pension benefits for all of its full-time employees. All regular and full-time employees are eligible to participate in the plan on the first day of the month after completing six months of continuous and uninterrupted employment. Plan provisions and changes to the plan contributions are determined by the Board of the authority.

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The employer is required to make monthly contributions equal to eight percent of each participant's basic (excludes overtime) compensation. Employees are required to contribute six percent of their annual covered salary.

The authority's contribution for each employee and income allocated to the employee's account are fully vested after five years of continuous service. The authority's contributions and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of the authority. Normal retirement date shall be the first day of the month following the employee's sixty-fifth birthday or after ten years of participation in the plan.

The authority's total gross payroll for the year ended September 30, 2005, was \$337,792. The authority's contributions were calculated using the base salary amount of \$299,011. The authority made the required contributions of \$23,921 for the year ended September 30, 2005.

HOUSING AUTHORITY OF THE PARISH OF LAFOURCHE
Raceland, Louisiana
Notes to the Financial Statements, 2005 – continued

NOTE H - RISK MANAGEMENT

The authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The authority's risk management program encompasses obtaining property and liability insurance.

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, there have been no significant claims that have exceeded commercial insurance coverages in any of the past three fiscal years.

NOTE I - FEDERAL COMPLIANCE CONTINGENCIES

The authority is subject to possible examinations by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refund by the entity to federal grantors and/or program beneficiaries.

NOTE J - ECONOMIC DEPENDENCE

Statement of Financial Accounting Standard (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than ten percent (10%) of the audited entity's revenues. The Department of Housing and Urban Development provided \$1,132,186 to the Authority, which represents approximately forty-four percent (44%) of the Authority's total revenue for the year.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
Housing Authority of the Parish of Lafourche
Raceland, Louisiana

I have audited the financial statements of the Housing Authority of the Parish of Lafourche (the authority), as of and for the year ended September 30, 2005 which collectively comprise the authority's basic financial statements and have issued my report thereon dated November 10, 2005. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the authority's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the authority's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

HOUSING AUTHORITY OF THE PARISH OF LAROURCHE

Raceland, Louisiana
Report on Internal Control... *Government*
Auditing Standards, 2005
Page Two

This report is intended solely for the information and use of the board of commissioners and management, others within the organization, the Louisiana Legislative Auditor and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24.513, this report is distributed by the Legislative Auditor as a public document.

Danny McCaskill

William Daniel McCaskill, CPA
A Professional Accounting Corporation

November 10, 2005

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Commissioners
Housing Authority of the Parish of Lafourche
Raceland, Louisiana

Compliance

I have audited the compliance of the Housing Authority of the Parish of Lafourche (the authority) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2005. The authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the authority's management. My responsibility is to express an opinion on the authority's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the authority's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the authority's compliance with those requirements.

In my opinion, the Authority complied, in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2005.

Internal Control Over Compliance

The management of the authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the authority's internal control over compliance with requirements that could have a direct and material effect on a major

HOUSING AUTHORITY OF THE CITY OF LAFOURCHE

Raceland, Louisiana
Report on Compliance...A-133, 2004
Page Two

federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the board of commissioners and management, others within the organization, the Louisiana Legislative Auditor and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24.513, this report is distributed by the Legislative Auditor as a public document.

Danny McCaskill

William Daniel McCaskill, CPA
A Professional Accounting Corporation

November 10, 2005

**HOUSING AUTHORITY OF THE PARISH OF LAFOURCHE
Raceland, Louisiana
Schedule of Current Audit Findings and Questioned Costs
For Fiscal Year Ended September 30, 2005**

Summary Schedule of Auditor's Results:

1. The auditor's report expresses an unqualified opinion on the basic financial statements of the authority.
2. No reportable conditions disclosed during the audit of the financial statements are reported in the Report on Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Authority, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No reportable condition(s) disclosed during the audit of internal control over major federal award programs are reported in the Report On Compliance With Requirements Applicable To Each Major Program And On Internal Control Over Compliance In Accordance With OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the Authority expresses an unqualified opinion on all major federal programs.
6. Any audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The programs tested as major programs included:
 - 14,871 Housing Choice Vouchers
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. The authority did not qualify as a low-risk auditee.

Findings – Financial Statements Audit

None

Findings and Questioned Costs – Major Federal Awards Programs Audit

None

**HOUSING AUTHORITY OF THE PARISH OF LAFOURCHE
Raceland, Louisiana
Schedule of Prior Audit Findings
For Fiscal Year Ended September 30, 2005**

Finding 2004-1

Condition: In our test of ten (10) tenant files, it was determined that four (4) files did not contain current HUD 50058 forms and/or that the HUD 50058 forms in the tenant files did not agree with the entries recorded in the Authority's tenant accounting system.

Recommendation: I recommend that the Authority ensure that the files are updated as soon as possible and that any overpayments are collected from the landlords and returned to HUD.

Current Status: The auditor's recommendation was implemented.

Schedule 3

**HOUSING AUTHORITY OF THE PARISH OF LAFOURCHE
Raceland, Louisiana
Corrective Action Plan for Current Year Audit Findings
For Fiscal Year Ended September 30, 2005**

None

Schedule 4

**HOUSING AUTHORITY OF THE PARISH OF LAFOURCHE
Raceland, Louisiana
Schedule of Compensation Paid Board Members
For Fiscal Year Ended September 30, 2005**

Board members serve without compensation.

HOUSING AUTHORITY OF THE PARISH OF LAFOURCHE
Raceland, Louisiana
Schedule of Expenditures of Federal Awards
For Fiscal Year Ended September 30, 2005

<i>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</i>	<i>CFDA #</i>	<i>Federal Expenditures</i>
U.S. Department of Housing and Urban Development:		
Direct Programs:		
Low Rent Public Housing	14.850a	370,980
Housing Choice Voucher Program	14.871	702,594
Public Housing Capital Fund Program	14.872	58,611
Total Federal Expenditures		<u>\$ 1,132,185</u>

NOTE A – General

The accompanying Schedule of Expenditures of Federal Awards presents all of the Federal awards programs of the Authority. The authority reporting entity is defined in Note A to the basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies are included in this schedule.

NOTE B – Basis of accounting

The accompanying Schedule of Expenditures of Federal Awards Programs is presented using the accrual basis of accounting, which is described in Note A to the authority's basic financial statements.

NOTE C – Relationship to Basic Financial Statements

Federal awards revenues are reported in the authority's basic financial statements as follows:

Public and Indian Housing-Low Rent Program	\$370,980
Housing Choice Voucher Program	702,594
Public Housing Capital Fund Program	58,611

NOTE D – Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with GAAP.

NOTE E- FEDERAL AWARDS

For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures. In accordance with HUD Notice PIH 9814, "federal awards" do not include the authority's operating income from rents or investments (or other Non-federal sources). In addition, the entire amount of operating subsidy received during the fiscal year is considered to be expended during the fiscal year.

**HOUSING AUTHORITY OF THE PARISH OF LAFOURCHE
Raceland, Louisiana
Schedule of Expenditures of Federal Awards
For Fiscal Year Ended September 30, 2005**

NOTE F – OTHER AWARDS

Included in the accompanying financial statements is a component unit, City Place II Housing Corporation, Inc. (CPII). CPII has an insured 1st mortgage indebtedness under the 221 (d) (4) program with a principal balance at year-end of \$3,864,350.

Included in the accompanying financial statements is a component unit, Community Development Corporation of Lafourche, Inc. (CDC). In prior years, CDC received \$7,757,545 in upfront grants from HUD and passed this through to two affordable housing rental developments in the form of *second mortgages with continuing compliance requirements*.

HOUSING AUTHORITY OF THE CITY OF LAFOURCHE
Financial Data Schedule
For Fiscal Year Ended September 30, 2005

PHA: LA080 FYED: 09/30/2005

Line Item No.	Account Description	Low Rent Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Other Federal Program 1	Other Federal Program 2	Total
111	Cash - Unrestricted	\$423,830	\$280,553	\$0	\$0	\$345,471	\$1,049,854
113	Cash - Other Restricted	\$0	\$0	\$0	\$0	\$156,065	\$156,065
114	Cash - Tenant Security Deposits	\$27,290	\$0	\$0	\$0	\$36,550	\$63,840
100	Total Cash	\$451,120	\$280,553	\$0	\$0	\$538,086	\$1,269,759
121	Accounts Receivable - PHA Projects	\$0	\$4,221	\$0	\$0	\$0	\$4,221
122	Accounts Receivable - HUD Other Projects	\$0	\$0	\$1,867	\$0	\$0	\$1,867
126	Accounts Receivable - Tenants - Dwelling Rents	\$4,810	\$0	\$0	\$0	\$5,202	\$10,012
126	Allowance for Doubtful Accounts - Dwelling Rents	\$0	\$0	\$0	\$0	\$0	\$0
126	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0
120	Total Receivables, net of allowances for doubtful accounts	\$4,810	\$4,221	\$1,867	\$0	\$5,202	\$16,100
131	Investments - Unrestricted	\$55,191	\$0	\$0	\$0	\$0	\$55,191
132	Investments Restricted	\$4,259,405	\$8,342	\$0	\$0	\$0	\$4,267,747
142	Prepaid Expenses and Other Assets	\$58,996	\$2,361	\$0	\$0	\$0	\$61,357
143	Inventories	\$4,173	\$0	\$0	\$0	\$0	\$4,173
143	Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0	\$0	\$0
144	Interprogram Due From	\$105,857	\$0	\$88	\$0	\$0	\$105,945
150	Total Current Assets	\$4,939,552	\$295,477	\$1,955	\$0	\$543,288	\$5,780,272
161	Land	\$594,394	\$0	\$0	\$0	\$100,000	\$694,394
162	Buildings	\$9,844,406	\$120,000	\$16,264	\$0	\$6,978,527	\$16,959,197
163	Furniture, Equipment & Machinery - Dwellings	\$144,086	\$0	\$14,000	\$0	\$0	\$158,086
164	Furniture, Equipment & Machinery - Administration	\$231,852	\$14,129	\$69,460	\$0	\$10,496	\$325,937
165	Leasehold Improvements	\$2,010,043	\$0	\$0	\$0	\$1,390,530	\$3,400,573
166	Accumulated Depreciation	(\$9,463,602)	(\$21,402)	(\$44,498)	\$0	(\$1,347,665)	(\$10,877,167)
167	Construction In Progress	\$0	\$0	\$261,692	\$0	\$0	\$261,692
160	Total Fixed Assets, Net of Accumulated Depreciation	\$3,361,179	\$112,727	\$316,918	\$0	\$7,131,888	\$10,922,712
171	Notes, Loans, & Mortgages Receivable - Non Current	\$0	\$0	\$0	\$7,757,545	\$0	\$7,757,545
174	Other Assets	\$182,880	\$0	\$0	\$500,950	\$0	\$683,830
180	Total Non-Current Assets	\$3,544,059	\$112,727	\$316,918	\$8,258,495	\$7,131,888	\$19,364,087
190	Total Assets	\$8,483,611	\$408,204	\$318,873	\$8,258,495	\$7,675,176	\$25,144,359

HOUSING AUTHORITY OF THE CITY OF LAFOURCHE
Financial Data Schedule
For Fiscal Year Ended September 30, 2005

PHA: LA080 FYED: 09/30/2005

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Other Federal Program 1	Other Federal Program 2	Total
312	Accounts Payable <= 90 Days	\$21,242	\$0	\$0	\$0	\$9,257	\$30,499
321	Accrued Wage/Payroll Taxes Payable	\$806	\$0	\$0	\$0	\$0	\$806
322	Accrued Compensated Absences - Current Portion	\$12,559	\$2,141	\$0	\$0	\$0	\$14,700
325	Accrued Interest Payable	\$49,633	\$0	\$0	\$0	\$22,864	\$72,497
331	Accounts Payable - HUD PHA Programs	\$0	\$1,849	\$0	\$0	\$0	\$1,849
333	Accounts Payable - Other Government	\$30,770	\$0	\$0	\$0	\$0	\$30,770
341	Tenant Security Deposits	\$27,290	\$0	\$0	\$0	\$36,550	\$63,840
342	Deferred Revenues	\$0	\$0	\$88	\$0	\$6,682	\$6,770
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$30,000	\$0	\$0	\$0	\$24,146	\$54,146
345	Other Current Liabilities	\$0	\$847	\$0	\$0	\$0	\$847
347	Interprogram Due To	\$88	\$72,434	\$1,867	\$0	\$31,557	\$105,946
310	Total Current Liabilities	\$172,388	\$77,271	\$1,955	\$0	\$131,056	\$382,670
351	Bonds	\$4,180,684	\$0	\$0	\$0	\$8,421,279	\$12,601,963
354	Accrued Compensated Absences - Non Current	\$82,557	\$15,158	\$0	\$0	\$0	\$97,715
353	Noncurrent Liabilities - Other	\$0	\$8,342	\$0	\$0	\$0	\$8,342
350	Total Noncurrent Liabilities	\$4,263,241	\$23,500	\$0	\$0	\$8,421,279	\$12,708,020
300	Total Liabilities	\$4,435,629	\$100,771	\$1,955	\$0	\$8,552,335	\$13,090,690
508	Total Contributed Capital	\$0	\$0	\$0	\$0	\$0	\$0
508	Invested in Capital Assets, Net of Related Debt	\$3,361,180	\$112,727	\$316,918	\$0	(\$1,313,537)	\$2,477,288
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0
511	Restricted Net Assets	\$357,179	\$0	\$0	\$0	\$0	\$357,179
512	Unrestricted Net Assets	\$329,623	\$194,706	\$0	\$8,258,495	\$436,378	\$9,219,202
513	Total Equity/Net Assets	\$4,047,982	\$307,433	\$316,918	\$8,258,495	(\$877,159)	\$12,053,669
600	Total Liabilities and Equity/Net Assets	\$8,483,611	\$408,204	\$318,873	\$8,258,495	\$7,675,176	\$25,144,359

HOUSING AUTHORITY OF THE CITY OF LAFOURCHE
Financial Data Schedule
For Fiscal Year Ended September 30, 2005

PHA: LA080 FYED: 09/30/2005

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Other Federal Program 1	Other Federal Program 2	Total
703	Net Tenant Rental Revenue	\$448,144	\$0	\$0	\$0	\$732,685	\$1,180,829
704	Tenant Revenue - Other	\$10,125	\$0	\$0	\$0	\$0	\$10,125
705	Total Tenant Revenue	\$458,269	\$0	\$0	\$0	\$732,685	\$1,190,954
706	HUD PHA Operating Grants	\$370,980	\$702,595	\$56,461	\$0	\$0	\$1,130,036
706	Capital Grants	\$0	\$0	\$2,150	\$0	\$0	\$2,150
711	Investment Income - Unrestricted	\$10,621	\$5,959	\$0	\$77,576	\$1,280	\$95,436
714	Fraud Recovery	\$0	\$1,849	\$0	\$0	\$0	\$1,849
715	Other Revenue	\$49,922	\$4,284	\$0	\$0	\$26,776	\$80,982
716	Gain/Loss on Sale of Fixed Assets	\$40	\$0	\$0	\$0	\$0	\$40
720	Investment Income - Restricted	\$87,613	\$0	\$0	\$0	\$427	\$88,040
700	Total Revenue	\$877,445	\$714,687	\$58,611	\$77,576	\$761,168	\$2,589,487

HOUSING AUTHORITY OF THE CITY OF LAFOURCHE
Financial Data Schedule
For Fiscal Year Ended September 30, 2005

PHA: LA080 FYED: 09/30/2005

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Other Federal Program 1	Other Federal Program 2	Total
911	Administrative Salaries	\$105,432	\$58,805	\$0	\$0	\$25,875	\$190,112
912	Auditing Fees	\$9,024	\$9,024	\$0	\$0	\$8,673	\$26,721
913	Outside Management Fees	\$0	\$0	\$0	\$0	\$30,000	\$30,000
914	Compensated Absences	\$60,822	\$13,103	\$0	\$0	\$0	\$73,925
915	Employee Benefit Contributions - Administrative	\$39,561	\$14,549	\$0	\$0	\$8,097	\$62,207
916	Other Operating - Administrative	\$41,949	\$18,424	\$54,292	\$0	\$35,319	\$149,984
922	Relocation Costs	\$500	\$0	\$0	\$0	\$0	\$500
931	Water	\$42,875	\$0	\$0	\$0	\$22,143	\$65,018
932	Electricity	\$27,463	\$0	\$0	\$0	\$20,313	\$47,776
933	Gas	\$75,099	\$0	\$0	\$0	\$0	\$75,099
938	Other Utilities Expense	\$5,132	\$0	\$0	\$0	\$8,402	\$13,534
941	Ordinary Maintenance and Operations - Labor	\$163,555	\$0	\$0	\$0	\$18,296	\$181,851
942	Ordinary Maintenance and Operations - Materials and Other	\$82,190	\$0	\$2,170	\$0	\$17,467	\$101,827
943	Ordinary Maintenance and Operations - Contract Costs	\$23,789	\$0	\$0	\$0	\$135,840	\$159,629
945	Employee Benefit Contributions - Ordinary Maintenance	\$61,370	\$0	\$0	\$0	\$5,725	\$67,095
961	Insurance Premiums	\$126,610	\$8,849	\$0	\$0	\$57,759	\$193,218
962	Other General Expenses	\$0	\$11,330	\$0	\$0	\$0	\$11,330
963	Payments in Lieu of Taxes	\$30,770	\$0	\$0	\$0	\$0	\$30,770
964	Bad Debt - Tenant Rents	\$15,326	\$0	\$0	\$0	\$1,100	\$16,426
967	Interest Expense	\$262,824	\$0	\$0	\$0	\$318,343	\$581,167
969	Total Operating Expenses	\$1,174,291	\$134,084	\$56,462	\$0	\$713,352	\$2,078,189
970	Excess Operating Revenue over Operating Expenses	(\$196,846)	\$580,603	\$2,149	\$77,576	\$47,816	\$511,298
971	Extraordinary Maintenance						
972	Casualty Losses - Non-Capitalized	\$4,210	\$0	\$0	\$0	\$0	\$4,210
973	Housing Assistance Payments	\$35,022	\$0	\$0	\$0	\$0	\$35,022
974	Depreciation Expense	\$0	\$573,045	\$0	\$0	\$0	\$573,045
900	Total Expenses	\$345,571	\$3,637	\$16,385	\$0	\$306,272	\$671,865
		\$1,559,094	\$710,766	\$72,847	\$0	\$1,019,624	\$3,362,331
1010	Total Other Financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	(\$581,649)	\$3,921	(\$14,236)	\$77,576	(\$258,456)	(\$772,844)

HOUSING AUTHORITY OF THE CITY OF LAFOURCHE
Financial Data Schedule
For Fiscal Year Ended September 30, 2005

PHA: LA080 FYED: 09/30/2005

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Other Federal Program 1	Other Federal Program 2	Total
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$0	\$0	\$0
1103	Beginning Equity	\$4,208,088	\$303,712	\$766,130	\$8,180,919	(\$618,703)	\$12,840,146
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$421,543	(\$200)	(\$434,976)	\$0	\$0	(\$13,633)
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$690,719	\$0	\$0	\$0	\$690,719
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	\$0	\$0	\$0	\$0	\$0	\$0
1115	Contingency Reserve, ACC Program Reserve	\$0	\$45,959	\$0	\$0	\$0	\$45,959
1116	Total Annual Contributions Available	\$0	\$736,678	\$0	\$0	\$0	\$736,678
1120	Unit Months Available	3,242	3,252	0	0	1,344	7,838
1121	Number of Unit Months Leased	3,236	2,029	0	0	1,344	6,609